# European Economic Policy and Institutions

Proff. Maurizio Luigi Baussola- Angelo Federico Arcelli

***COURSE AIMS***

This course is split into two main parts. In the first module, the main stylized facts characterising the EU economy are provided together with an in-depth analysis of the monetary and fiscal policy adopted during the last decade. In addition, policy aiming at fostering growth and innovation will be highlighted.

In the second module, the background and trends of the modern monetary system are analysed, starting from Bretton Woods conference discussions, previous events (e.g., Versailles, XIX Century Latin Union,…), and more specific policies are analysed and critically reviewed. This part aims to understand how the European Union has grown and why its monetary system resulted from a long path starting with post-WWII events. Also, in this part, all main international financial institutions operating in Europe will be analyzed with particular emphasis on objectives, convergence, and regional and social policies. The conclusion will give some background information about current international monetary system trends.

***LEARNING OUTCOMES***

* Knowledge and applied knowledge. This course enables students to improve their understanding of the functioning of the European institutions and the implementation of macroeconomic policy and more targeted policies devoted to enhancing innovation, decreasing regional disparities, and ultimately fostering economic growth.
* Judgmental skills. This course will improve the judgment skills necessary to understand the effects of monetary and fiscal policy, particularly during the financial crisis. It also enhances the judgment skills required to understand the causes and the unfolding of the current crisis and its solutions. In addition, it enables students to judge the strength and weaknesses of the European policies devoted to improving regional convergence and innovation.
* Understanding of the background and causes for the current international monetary system, particularly the system created within the EU after the introduction of the Euro. Understanding of issues, constraints, trends, and possible impacts of external shocks as well as the needed economic balancing principles and mechanisms.

***COURSE CONTENT***

**1st Module** - The European Union: History, institutions, monetary and fiscal policy, and growth strategies.

**Prof. Maurizio Baussola**

1. The European Union: a brief history
2. Stylised facts of the European Union economy
3. The creation of the European Monetary Union
4. The European Central Bank
5. The financial crisis
6. Monetary and fiscal policy in normal times and during the great recession
7. Measuring convergence among EU countries and regions and EU regional policy
8. Evaluating competitiveness among EU countries and regions
9. Strategies for growth

References:

R Baldwin and C Wyplosz, The Economics of European Integration, McGraw Hill (only those sections indicated in class)

W Carlin and D Soskice, Macroeconomics, Oxford University Press, Chapter 7, 12

Lectures notes, and other materials will be provided.

**2ndModule** - The European Union: institutional issues and the system of European financial institutions

**Prof. Angelo Federico Arcelli**

1. Bretton Woods and its backgrounds.
2. IMF, World Bank, BW Institutions, and the evolution of the international monetary system until 1971.
3. The crisis in the Seventies, the Werner plan, the EMS, the Delors plan (1988) and the path to the Euro.
4. The European financial institutions: EIB, EIF, EBRD and CEB.
5. The European Banking Union.
6. The European Central Bank and The European Stability Mechanism: latest evidence.
7. Current trends for international trade and new monetary tools.
8. Future perspectives.

References:

Giovanni Tria, Angelo Federico Arcelli, "Towards a renewed Bretton Woods agreement", TLN, Brookings Washington, DC, 2021.

Rainer S. Masera, Angelo Federico Arcelli, “Elements of Board Governance”, Rubbettino ed., Soveria Mannelli (CZ), 2018.

Financial Regulatory Outlook paper series (co-edited by Angelo Federico Arcelli, Bob Fay, Giovanni Tria, others), CIGI, Waterloo (Toronto, ON, Canada), 2015-2022.

Lectures notes and other materials will be provided in the "Materials" section of the course

***TEACHING METHOD***

The course will be taught through 60 hours of lectures. Students will also be assigned a case study whose grade will be counted in the final grade.

***ASSESSMENT METHOD***

The final grade will be a weighted average of the grades received on the regularly scheduled written examination (80%) and the proposed assessments during the modules (20%). The written test of 5 equally weighed questions (6 points each) to be chosen from a set of eight questions.; allocated time 1h 20'. The ability to apply the fundamental principles of macroeconomics and respond with clarity and appropriate language will be considered in the evaluation.

***NOTES AND PREREQUISITES***

Information on office hours is available on the teacher's page at <http://docenti.unicatt.it/>.